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BEFORE THE DEPARTMENT OF TRANSPORTATION WASHINGTON, D.C.

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| Applications of |) | |
| DELTA AIR LINES, INC. AMERICAN AIRLINES, INC. AMERICAN TRANS AIR, INC. AMERICA WEST AIRLINES, INC. FRONTIER AIRLINES, INC. NATIONAL AIRLINES, INC. NORTHWEST AIRLINES, INC. TRANS WORLD AIRLINES, INC. | | Docket OST-00-7181 ~ 3 7 |
| UNITED AIR LINES, INC. |) | |
| for exemptions pursuant to 49 U.S.C. § 41718 (DCA "beyond perimeter" slot exemptions) |))) | |

CONSOLIDATED ANSWER OF THE UTAH AND SALT LAKE CITY PARTIES

Communications with respect to this document should be sent to:

Thomas L. Troske
Acting Director of Airports
Buzz Hunt
Air Service Marketing Director
SALT LAKE CITY DEPARTMENT
OF AIRPORTS
776 North Terminal Drive

AMF Box 22084 Salt Lake City, Utah 84122

(801) 575-2404

Scott Slaymaker Chairman

UTAH AIR TRAVEL COMMISSION

253 Orson Spencer Hall Salt Lake City, Utah 84122 (801) 581-8501

May 22, 2000 910840v1

Nathaniel P. Breed, Jr.

SHAW PITTMAN

2300 N Street, N.W.

Washington, D.C. 20037

(202) 663-8078

Attorneys for

THE UTAH AND SALT LAKE CITY

PARTIES

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| (DCA "beyond perimeter" slot exemptions) |) | |
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May 22, 2000

CONSOLIDATED ANSWER OF THE UTAH AND SALT LAKE CITY PARTIES

Pursuant to Section 41718(d)(2) of the Federal Aviation Statutes

(49 U.S.C. § 41718(d)(2))¹ and Rule 307 of the Rules of Practice of the Department of

Transportation (the Department), the Utah Air Travel Commission and the Salt Lake

City Corporation (hereinafter referred to as the "Utah and Salt Lake City Parties" or as

¹ Section 41718 was added to the Federal Aviation Statutes by Section 23 l(e) of the Wendell H. Ford Aviation Investment and Reform Act for the 2 1st Century, enacted on April 5, 2000 (the "AIR-21 Act").

"Salt Lake City") ² hereby submit their Consolidated Answer in response to the captioned applications by Delta Air Lines, Inc. ("Delta") American Airlines, Inc. ("American"), American Trans Air, Inc. ("AT,"), America West Airlines, Inc. ("America West"), Frontier Airlines, Inc. ("Frontier"), National Airlines, Inc. ("National"), Northwest Airlines, Inc. ("Northwest"), Trans World Airlines, Inc. ("TWA") and United Airlines, Inc. ("United") for the allocation of "beyond-perimeter" operating slots at Ronald Reagan Washington National Airport ("DCA" or "Reagan National").

I. INTRODUCTION AND SUMMARY

This proceeding involves consideration of nine competing applications for an extremely scarce and valuable air service opportunity – the allocation of twelve (12) newly-created beyond-perimeter operating slots at Washington's Reagan National Airport, permitting the operation of a total of six new daily roundtrip flights at the most convenient airport serving the Nation's capitol and military headquarters, and the burgeoning aerospace, financial and high-technology industries in Maryland and Northern Virginia. The applications in this proceeding seek an aggregate total of forty-

² The Utah Air Travel Commission is an 18-member board consisting of the State of Utah Department of Transportation, the City of Salt Lake City, and the Great Salt Lake Area Chamber of Commerce. The Salt Lake City Corporation is a governmental authority which owns, and through the Salt Lake City Department of Airports, operates Salt Lake City International Airport and two reliever airports in the Salt Lake City area.

four **DCA** operating slots – nearly four times more than the total available for allocation.

In those circumstances, and in light of the very great importance of allocating the limited number of **DCA** slots at issue so as to maximize the public benefits which may be realized through the utilization of those scarce and valuable slots, the Utah and Salt Lake City Parties strongly urge the Department to rigorously scrutinize the competing applications – both from the standpoint of the new or incremental public benefits they offer, and from the standpoint of the degree to which the service proposal of each applicant conforms to the decisional criteria and policy objectives established by Congress to govern the allocation of these **DCA** beyond-perimeter slots in this proceeding.

In summary, the Utah and Salt Lake City Parties strongly support grant of Delta's application for allocation of four (4) daily beyond-perimeter slots at Reagan National, so as to enable Delta to operate two daily nonstop roundtrip flights between Reagan National and Salt Lake City International Airport ("SLC International").

The grant of Delta's application, more than the application of any other applicant, will provide the most significant new and improved service benefits to the U.S. traveling public, and will best serve the Congressional policy objectives and decisional criteria set forth in Title II of the AIR-21 Act. Specifically, as discussed in greater detail below, Delta's operation of two daily nonstop Boeing 757 flights between

Reagan National and **SLC** International will provide new or expanded domestic network benefits between **DCA** and **33** beyond-perimeter cities in the western United States via **Delta'a** major operating hub at **SLC** International, and will provide the significant benefits of increased competition in both the important Washington-Salt Lake City market, and in the **beyond-SLC** markets served on a nonstop basis by Delta.

Except for the application of America West, which seeks an excessive number of the newly-created beyond-perimeter slots at DCA to a degree which would preclude the grant of virtually every other application in this proceeding, the Utah and Salt Lake City Parties take no position with respect to any of the other applications for beyond-perimeter slots at DCA, subject to the proviso that Delta's application deserves and must be granted first-priority approval in this proceeding. The Utah and Salt Lake City Parties oppose the application of America West to the extent that grant of that application in its entirety would preclude the award of four (4) new beyond-perimeter slots at Reagan National to Delta.

II. GRANT OF DELTA'S **DCA-SALT** LAKE CITY APPLICATION WILL SATISFY EACH OF THE DECISIONAL CRITERIA AND POLICY OBJECTIVES ESTABLISHED BY CONGRESS TO GOVERN THE ALLOCATION OF **DCA** BEYOND-PERIMETER OPERATING SLOTS

On the basis of the substantial and convincing evidence submitted by

Delta in its Application, the Utah and Salt Lake City Parties submit that the allocation

of four (4) "beyond-perimeter" DCA operating slots to Delta, in order to enable Delta
to operate two nonstop roundtrip flights a day between DCA and SLC, is clearly

consistent with the decisional criteria and policy objectives established by Congress to govern the allocation of **DCA** beyond-perimeter slots in this proceeding. In particular, the grant of Delta's **DCA-Salt** Lake City proposal will maximize the domestic network benefits attainable through the utilization of those newly-created operating slots.

Delta's establishment of twice-daily nonstop service between Reagan National and Delta's substantial operating hub at Salt Lake City will bring about convenient and competitive on-line nonstop-to-nonstop connecting service between the Nation's Capital and 33 U.S. beyond-perimeter points, including 28 small and medium-sized communities, all of which receive nonstop service by Delta or its Delta Connection partner to and from its major Salt Lake City hub. In addition, Delta's establishment of well-timed nonstop service with its state-of-the-art 183-seat Boeing B-757 aircraft between Salt Lake City and Reagan National will provide over 267,000 annual seats, and will substantially improve the convenience of service for thousands of annual local O&D passengers between Washington, D.C. and one of the largest and fastest-growing cities and regions in the western United States.

Delta's proposed service will abundantly satisfy each of the policy objectives and decisional criteria established by Congress to govern the allocation of newly-created DCA beyond-perimeter slots by the Department. Thus, grant of Delta's application clearly will "provide . . . domestic network benefits in [beyond-perimeter] areas", "increase competition by new entrant air carriers [and] in multiple markets",

"not reduce travel options for communities . . . within the perimeter", and "not result in meaningfully increased travel delays" (see, AIR-21, Section 23 l(e), adding a new Section 41718 establishing special rules for Ronald Reagan Washington National Airport).

Delta's DCA-Salt Lake City slot application has received strong support from elected and appointed officials in the State of Utah and members of the U.S. Congress, as evidenced by the attached letters submitted by the Honorable Ross C. Anderson, Mayor of Salt Lake City (Attachment A, infra), and by Mary Kay Griffin, Chair of the Salt Lake City Airport Board (Attachment B, infra), and in numerous other statements submitted and to be submitted under separate cover by Delta and the Utah and Salt Lake City Parties.

III. DELTA'S DCA-SALT LAKE CITY SERVICE WILL PROVIDE GREATER PUBLIC SERVICE AND COMPETITIVE BENEFITS THAN THE PROPOSAL OF ANY OTHER APPLICANT

As noted at the outset of this Consolidated Answer, except for the excessive lo-slot application of America West, the Utah and Salt Lake City Parties neither support nor oppose the application of any other applicant in this proceeding, subject only to the proviso that Delta's application for four **DCA** beyond-perimeter slots to provide **DCA-Salt** Lake City service provides clearly superior public service and competitive benefits, and thus merits first-priority selection ahead of the applications of each of the other applicants.

The indisputable superiority of Delta's DCA-Salt Lake City proposal derives from two basic factors: (1) the geographical location of Salt Lake City in a position to serve as a convenient and non-circuitous intermediate point for travelers between Reagan National and points throughout the Northwest, West Coast and Mountain West regions of the United States, and (2) Delta's operation of a substantial flight network at its major Salt Lake City hub providing over 255 daily departures serving a total of 65 cities in the United States and Canada (Exhibit DL-102). Delta's DCA-Salt Lake City service will serve a total of 33 beyond-perimeter cities, and will provide 10 U.S. points with first one-stop online service to DCA (Exhibit DL-202), and will provide 9 U.S. points with first competitive one-stop online service to DCA (Exhibit DL-203).

The size and scope of Delta's major operating hub at Salt Lake City enables Delta's proposed DCA-Salt Lake City flights to provide greater behind-gateway network benefits to and from Reagan National than the West Coast gateways proposed by American (LAX), ATA (LAX and SFO), Northwest (SEA), TWA (LAX) and United (LAX). By reason of the geographic location of each of the foregoing West Coast gateways, those proposed new DCA beyond-perimeter services are necessarily addressed almost entirely to the local nonstop market, and offer only limited beyond-gateway domestic network benefits. It is also clear that the West Coast hubs operated by American, Northwest and United are all significant gateways for the international

services of those carriers, and are not hubs designed and operated to serve multiple U.S. domestic routes to the same degree as Delta's Salt Lake City hub.

The remaining service proposals advanced by America West (PHX and LAS), Frontier (DEN) and National (LAS) all involve DCA service to hub cities offering on-line connections to far smaller flight networks serving far fewer behind-gateway cities than Delta's very substantial on-line flight network at Salt Lake City.

The first and most important decisional criterion established by Congress to govern the allocation of these limited and valuable DCA beyond-perimeter slots directs the Department to award newly-available DCA slots to those carriers whose proposed service will "(1) provide air transportation with domestic network benefits in areas beyond the IDCAl perimeter" (49 U.S.C. § 41718(a)(1); emphasis added).

As a direct result of its operation of a **65-city**, **255** daily flight network at its major Salt Lake City hub, Delta is uniquely able to provide far greater "domestic network benefits in areas beyond the [DCA] perimeter" than any other applicant in this proceeding. On that basis, the Utah and Salt Lake City Parties submit that Delta's DCA-Salt Lake City service proposal deserves to be granted as a matter of the highest priority ahead of every other applicant's proposal in this case.

Finally, as noted above, the Utah and Salt Lake City Parties oppose grant of the application of America West for an allocation of ten (10) of the twelve (12) DCA beyond-perimeter slots at issue in this proceeding, insofar as the grant of America

West's application in its entirety would preclude the allocation of four (4) DCA beyond-perimeter slots to Delta. Grant of America West's excessive slot demand cannot be justified by the comparatively limited domestic network benefits attainable through America West's DCA-Phoenix/Las Vegas service proposal, which, as discussed above, would provide substantially more limited domestic network benefits than Delta's DCA-Salt Lake City service. Moreover, in light of the very limited number of new DCA beyond-perimeter slots available for allocation, the Utah and Salt Lake City Parties believe that the allocation of virtually all of those newly-created slots to a single applicant would be wholly contrary to the pro-competitive policy and equitable-allocation principles embodied in Title II of the AIR-21 Act and its legislative history.

IV. <u>CONCLUSION</u>

Delta has conclusively demonstrated that its DCA-Salt Lake City proposal is clearly the best-qualified application for the allocation of four (4) DCA beyond-perimeter slots in this proceeding under every eligibility standard, decisional criterion and policy objective established by Congress to govern the allocation of the limited and valuable DCA beyond-perimeter slots at issue.

The Utah and Salt Lake City Parties urge the Department to issue an Order allocating four (4) DCA "beyond-perimeter" operating slots to Delta for DCA-Salt Lake City nonstop service, and denying the application of America West for ten

(10) DCA "beyond-perimeter" slots to the extent that grant of America West's application in its entirety would preclude the grant of Delta's application for four DCA slots to provide twice-daily nonstop service between Reagan National and Salt Lake City International Airport.

Respectfully submitted

Nathaniel P. Breed Jr. SHAW PITTMAN

Attorneys for THE UTAH AND SALT LAKE CITY PARTIES

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing

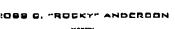
Consolidated Answer by messenger, telecopier transmission, or United States mail,

properly addressed and with postage prepaid, upon all persons listed in the attached

Service List.

Doreen S. Hughes

Washington, D.C. May 22, 2000 910840.v1





May 16, 2000

The Honorable Rodney E. Slater Secretary, U. S. Department of Transportation 400 Seventh Street, SW Washington, D.C. 20590

Dear Secretary Slater:

I am writing in support of Delta Air Lines' application for four slot exemptions to serve Salt Lake City from Ronald Reagan Washington National Airport (DCA).

Delta Air Lines has proposed two daily nonstop round-trip flights between DCA and Salt Lake City, Utah using four of the twelve slot exemptions for service beyond the DCA perimeter created under the "Wendell H. Ford Aviation Investment and Reform Act for the 21st Century."

As you know, this legislation directs the Department to grant twelve slot exemptions "to air carriers to operate limited frequencies and aircraft on select routes between DCA and domestic hub airports" located beyond the DCA perimeter (i.e., more than 1,250 statute miles from DCA). Delta's; application for four slot exemptions to operate two daily nonstop round-trip flights between Salt Lake City and DCA is fully consistent with each of the exemption criteria approved by Congress.

Salt Lake City, and the dozen of small and medium+sized communities that enjoy nonstop service to Salt Lake City, have long been deprived of convenient and competitive access to DCA due to the artificial restriction imposed by the perimeter rule. Delta's application offers the Department the opportunity to immediately correct this service deficiency. Delta's proposal, will maximize the use of these limited statutory exemptions by allowing nonstop service to Delta's Salt Lake City hub, one of the major network hubs located in the western United States, which will benefit numerous small and mid-size communities throughout the Intermountain West and across the northern tier of states.

451 SOUTH STATE STREET, ROOM 306, SALT LAKE CITY, UTAH 84111
TELEPHONE: 801-535-7704 FAX: 801-535-6331

Attachment A Page 2 of 2

The Honorable Rodney E. Slater May 16, 2000 Page 2

As a major hub, Salt Lake City is ideally situated to serve as a gateway to DCA for many western U.S. communities. Salt Lake City is the only airline hub located in the intermountain west. and is Delta's primary western hub. Delta's proposed two daily flights between DCA and Salt Lake City will enhance online travel options to and from DCA for dozens of small and medium-sized communities throughout the western United States. Moreover, Delta's proposed service will increase competition in multiple markets located throughout the western United States, provide highly sought-after nonstop service for business and leisure passengers traveling bet&em Salt Lake City and DCA, and provide convenient single connection online jet service to 65 cities located in the western United States.

I urge you to grant Delta's application and thereby ensure: that communities throughout the western United States receive improved access to DCA. Delta's proposal will result in the optimal use of this valuable new opportunity.

Thank you for your consideration.

Sincerely,

Ross C. Anderson

Mayor

;# 2/ 2

Attachment B



KOSS "ROCKY" ANDERSON, MAYOR

May 17, 2000

Secretary Rodney E. Slater United States Department of Transportation 400 Seventh Street, S.W. Room 10200 Washington DC 20590

Dear Secretary Slater:

We are writing in support of Delta Air Lines' application for Four slot exemptions to serve Salt Lake City from Ronald Reagan Washington National Airport (DCA).

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We urge you grant Delta's application and thereby ensure the communities throughout the western United States receive improved access to DCA. Delta's proposal will result in the optimal use of this valuable new opportunity.

Than k you for your consideration.

Mary Kay Griffin, Chair Salt Lake City Airport Board

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cc: R.Cohn, Shaw Pittman

AMFBOX 22094, SALT LAKE CITY, UTAH 84122 . PHONE 801.575.2400 . FAX 801.575.2679

SERVICE LIST (Docket OST-00-7181)

Honorable Mike Leavitt Governor of the State of Utah 210 State Capitol Salt Lake City, UT 84114

Tom **Troske**Acting Director of Airports
Buzz Hunt
Air Service Marketing Director
Salt Lake City International Airport
776 North Terminal Drive
Salt Lake City, UT 84122

Nathaniel P. Breed, Jr. SHAW PITTMAN 2300 N Street, N.W. Washington, D.C. 20037

John Varley
Assistant General Counsel
DELTA AIR LINES, INC.
Law Department #986
1030 Delta Boulevard
Atlanta, Georgia 30320

Christopher Brown
Airport Manager
Ronald Reagan Washington
National Airport
Metropolitan Washington
Airports Authority
Washington, DC 20001

Honorable Jim Gilmore Governor of the State of Virginia State Capitol Richmond, VA 23219

Honorable Rocky Anderson Mayor, Salt Lake City 451 South State Street Room 306 Salt Lake City, UT 84111

Robert E. Cohn Sheryl R. Israel SHAW PITTMAN 2300 N Street, N.W. Washington, D. C. 20037

D. Scott Yohe
Senior Vice President –
Government Affairs
DELTA AIR LINES, INC.
1275 K Street, N.W., Suite 1200
Washington, D.C. 20005

Honorable Anthony A. Williams Mayor, City of the District of Columbia One Judiciary Square Suite 1100S Washington, DC 20001

SERVICE LIST (Docket OST-00-7181)

William K. Ris, Jr.
Senior Vice President –
Government Affairs
American Airlines, Inc.
110117th Street, N.W.
Suite 600
Washington, D.C. 20036

Carl B. Nelson, Jr. Associate General Counsel American Airlines, Inc. 110117th Street, N.W., Suite 600 Washington, DC 20036

Linda M. Mitchell Vice President & General Counsel America West Airlines, Inc. 4000 E. Sky Harbor Boulevard Phoenix, Arizona 85034 Joanne W. Young
David M. Kirstein
BAKER & HOSETLER, L.L.P.
Washington Square, Suite 1100
1050 Connecticut Avenue, N. W.
Washington, D.C. 20036-5304

Brian T. Hunt, Esq.
Vice President and General Counsel
AMERICAN TRANS AIR, INC.
P.O. Box 51609
Indianapolis, Indiana 4625 1

Marshall S. Sinick
Squire, Sanders & Dempsey, LLP
P.O. Box 407
Washington, D.C. 20044
(Counsel for American Trans Air)

Arthur T. Voss Senior V. P. & General Counsel Frontier Airlines, Inc. 12015 East 46th Avenue Denver, CO 80239-3116 Edward P. Faberman Michelle M. Faust Ungaretti & Harris 1500 K Street, N. W., Suite 250 Washington, D.C. 20005-1714

Kevin J. Tourek
Senior Vice President – Legal
& Human Resources
National Airlines, Inc.
6020 Spencer Street
Las Vegas, Nevada 89119

George U. Carneal Ronald P. Brower Hogan & Hartson L.L.P. 555 Thirteenth Street, N.W. Washington, D.C. 20004-1109 (Counsel for National Airlines)

SERVICE LIST (Docket OST-00-7181)

Kathleen A. Soled Sr. Vice President, General Counsel Trans World Airlines, Inc. One City Centre – 18th Floor 515 N. Sixth Street St. Louis, MO 63101

Glenn P. Wicks THE WICKS GROUP, PLLC 900 19th Street, N.W., Suite 350 Washington, D. C. 20006

Douglas M. Steenland
Executive Vice President
& Chief Corporate Officer
NORTHWEST AIRLINES, INC.
5 101 Northwest Drive
St. Paul, MN 55111

Megan Rae Rosia
Managing Director, Government
Affairs & Associate General Counsel
Northwest Airlines, Inc.
901 15th Street, N.W., Suite 310
Washington, D. C. 20005

Shelley A. Longmuir
Senior Vice President
International, Regulatory
and Governmental Affairs
UNITED AIR LINES, INC.
P.O. Box 66100, WHQIZ
Chicago, Illinois 60666

Bruce H. Rabinovitz
David Heffernan
WILMER, CUTLER & PICKERING
2445 M Street, N.W.
Washington, D.C. 20037-1420

Jon F. Ash Michael J. Morstein Global Aviation Associates, Ltd. 1800 K Street, N.W., Suite 1104 Washington, D.C. 20006 (Counsel for The Las Vegas Parties)

Marcus G. Faust 332 Constitution Avenue, N.E. Washington, D. C. 20002 (Counsel for The Las Vegas Parties)

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